

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7132**

**BILL NUMBER:** HB 1522

**NOTE PREPARED:** Jan 15, 2007

**BILL AMENDED:**

**SUBJECT:** Various Tax and State Administration Matters.

**FIRST AUTHOR:** Rep. Murphy

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**      **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** Pending

**Summary of Legislation:** *Schools:* This bill eliminates the power of a school corporation to impose a property tax levy for the school corporation's General Fund or a charter school after 2007. It extends the school funding formula for one year, and requires the state to pay the local contribution for school corporations and charter schools that was previously paid from the General Fund Levy. The bill eliminates the limitation on the maximum state distribution under the school funding formula. It eliminates the authority of Dearborn County and Lake County to impose a County Supplemental School Financing Property Tax Levy, and reduces the maximum permissible levy that may be imposed in each county by the amount of the County Supplemental School Financing Property Tax Levy imposed in 2007.

*PTRC:* The bill eliminates the requirements concerning a minimum distribution from the State Property Tax Replacement Fund.

*TIFs:* The bill provides for replacement of the revenues lost to an area in which a tax increment financing arrangement is in place as a result of the elimination of property tax levies for each school corporation's General Fund. It makes related changes.

*Welfare Levy:* The bill requires the state to: (1) finance the County Family and Children's Fund and the Children's Psychiatric Residential Treatment Services Fund; and (2) pay for: (A) Medical Assistance to Wards; (B) Hospital Care for the Indigent; and (C) Services Provided to Children with Special Health Care Needs. It removes the authority for a county to levy property taxes for any of the listed services or funds. The bill repeals the following state and county funds: (1) the Medical Assistance to Wards Funds. (2) the Children with Special Health Care Needs Funds. (3) the Hospital Care for the Indigent Funds. It makes conforming changes.

*Utilities:* The bill provides that transactions involving the sale of utility service to a person in Indiana for domestic, commercial, or industrial use are exempt from the state gross retail tax. It makes conforming amendments in the statutes governing the taxing situs of: (1) nonmobile telecommunications service; and (2) mobile telecommunications service. The bill repeals obsolete provisions: (1) providing a state gross retail tax exemption for sales of home energy through the state's home energy assistance program; and (2) subjecting sales of certain prepaid calling services to the state gross retail tax. It allows the Department of State Revenue to adopt emergency rules to implement the state gross retail tax exemption for sales of utility service.

**Effective Date:** Upon passage; July 1, 2007; January 1, 2008.

**Explanation of State Expenditures:** *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.